

Message Text

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21-12

ORIGIN EA-14

INFO OCT-01 CCO-00 SS-20 SSO-00 ISO-00 EB-11 TRSE-00 SPC-03

NSC-10 NSCE-00 IO-14 CIAE-00 INR-10 NSAE-00 RSC-01

L-03 AID-20 OMB-01 FRB-02 XMB-07 INRE-00 COME-00 /117 R

DRAFTED BY:EA/ROC:TBLEHA:JAW

APPROVED BY:EA/HHBARGER

EB:MR. WEINTRAUB - TREASURY:MRS. VANBATTENBERG

EA/PRCM:SBROOKS - S/S-O:G. TWOHIE

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI IMMEDIATE

INFO AMEMBASSY ISLAMABAD IMMEDIATE

AMCONSUL HONG KONG PRIORITY

USLO PEKING PRIORITY

C O N F I D E N T I A L STATE 222043

TOSEC 340 ZFF ISLAMABAD AND PEKING, PEKING TAKE FOR ACTION

E.O. 11652: GDS

SUBJECT: MOVE TO OUST ROC FROM IBRD/IMF

REF: TAIPEI 6769

ISLAMABAD PLEASE PASS TO AMBASSADOR HUMMEL

1. ROC MINISTER MARTIN WONG CALLED ON DEPUTY ASSISTANT SECRETARIES BARGER AND WEINTRAUB NOVEMBER 8 TO DISCUSS ROC POSITION WITH REGARD TO MOVE BY PRC TO OUST ROC FROM BANK AND FUND.

2. WONG SAID IMF GENERAL COUNSEL GOLD TOLD HIM NOVEMBER 8 THAT ACCORDING HIS CALCULATIONS FUND WOULD OWE ROC ONLY ABOUT USDOL 2,000 IN EVENT OF ROC OUSTER. IT ALSO GOLD'S OPINION THAT CHINA SEAT COULD REMAIN EMPTY FOR SOME TIME.

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HE ALSO NOTED THAT POSSIBLE ROC ATTEMPT TO REDUCE SIZE OF

QUOTA TO ACCORD WITH PRESENT TAIWAN ECONOMY WOULD REQUIRE 80 PERCENT VOTE REQUIREMENT. WONG SAID HE ALSO DISCUSSED MCNAMARA CABLE WITH BANK GENERAL COUNSEL BROCHES.

3. WONG SAID THAT, AS HE EXPECTED, ROC FINANCE MINISTER K.T. LI HAD ASKED WONG'S ADVICE ON ROC RESPONSE TO MCNAMARA TELEGRAM SUGGESTING FINANCIAL DISCUSSIONS IN VIEW OF POSSIBLE ROC TERMINATION OF PARTICIPATION. WONG SAID HE INTENDED TO RECOMMEND ROC NOT RPT NOT COMMENT ON

POSSIBLE TERMINATION OF PARTICIPATION AND SAY SIMPLY THAT WONG AVAILABLE TO LISTEN TO ANY FINANCIAL MATTERS BANK MAY WANT TO PUT TO HIM. (IN PASSING, WONG CAME CLOSE TO SAYING THAT ROC WOULD REPAY BANK LOANS BUT, HE SAID, IT WOULD WEAKEN ROC POSITION TO TELL BANK ANYTHING ABOUT REPAYMENT NOW.) WONG ASKED WHETHER US AGREED WITH HIS RECOMMENDED RESPONSE. NO DISAGREEMENT WAS EXPRESSED.

4. WONG THEN LISTED THREE POSSIBILITIES FOR MAINTAINING ROC STATUS QUO. FIRST, HE SUGGESTED, ROC MIGHT SEEK TO REDUCE ITS QUOTA TO ACCORD WITH TAIWAN'S ECONOMY. BARGER REMINDED WONG 80 PERCENT VOTE NECESSARY TO DO THIS AND THUS IT IS IMPOSSIBLE. WONG ASKED WHETHER ROC OUSTER MIGHT BE DELAYED UNTIL PRC MADE CLEAR IT WOULD PARTICIPATE. IN REPLY, IT WAS POINTED OUT THAT PRC HAS TWICE RECENTLY SAID ROC OUSTER IS PRECONDITION OF ANY DECISION ON THEIR PART WITH REGARD TO PARTICIPATION. FINALLY, WONG ASKED WHETHER IT POSSIBLE SIMPLY TO DELAY DECISION ON ROC OUSTER; HE ADDED ANY DELAY WOULD BE HELPFUL, AND NOTED ADB MEETING SCHEDULED FOR APRIL 1974. BARGER REPLIED THAT AN OUSTER RESOLUTION WOULD ALMOST CERTAINLY BE PRESENTED WITHIN NEXT SIX WEEKS, THUS ANY DELAY LIKELY TO BE BRIEF.

5. WONG ASKED WHETHER USG YET HAD ANY ADVICE TO OFFER ROC. BARGER SAID WE STILL IN PROCESS OF REACHING A COORDINATED POSITION AND THUS IT IMPOSSIBLE TO COMMENT NOW. HE DID, HOWEVER, URGE ROC TO BE "REALISTIC" IN ITS CONSIDERATION OF ITS CHOICES WITH REGARD TO FUND AND BANK PARTICIPATION.

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RUSH

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